

Message Text

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PAGE 01 MADRID 04621 281900Z
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PARIS FOR CUSTOMS ATTACHE

E.O. 11652: N/A
TAGS: US, SP, ETRD
SUBJECT: TRADE INQUIRY - KAWASAKI USA EXPORTS TO SPAIN

REF: STATE 98038, MADRID 4250

1. EMBASSY OFFICER HAS DISCUSSED KAWASAKI CASE WITH OFFICIALS OF MINISTRY OF COMMERCE (ZAROBÉ) AND CUSTOMS (HERNANDEZ SECO). CUSTOMS REPORTS THAT IT IS HOLDING UP CUSTOMS CLEARANCE ON 200 KAWASAKI BIKES IN MADRID, 500 MORE IN BILBAO. CLEARANCE IS WITHHELD PENDING REPLY TO CUSTOMS' REQUEST FOR CLARIFICATION OF VALUE OF U.S. COMPONENT IN KAWASAKI VALUATION.

2. CUSTOMS HAS RECEIVED A COMPLAINT FROM THE SPANISH ASSOCIATION OF MOTORCYCLE PRODUCERS (SERMOTO) THAT KAWASAKI BIKES ARRIVING IN SPAIN APPEAR TO BE MAINLY OF JAPANESE ORIGIN. EMBASSY OFFICER HAS SEEN A COPY OF THEIR REPORT. IT IS THOROUGHLY DOCUMENTED AND DETAILED; CONTAINS PHOTOGRAPHS OF ALL COMPONENTS OF A SAMPLE BIKE, ALL BUT A FEW OF WHICH ARE STAMPED "MADE IN JAPAN." SERMOTO'S REPORT ESTIMATES THAT TOTAL VALUE OF U.S. ORIGIN PARTS AND LABOR COMES TO 11.03 PERCENT OF VALUE OF UNCLASSIFIED

UNCLASSIFIED

PAGE 02 MADRID 04621 281900Z

UNIT.

3. SPANISH CUSTOMS REGULATIONS REQUIRE THAT VALUE ADDED TO A PRODUCT IMPORTED INTO SPAIN MUST AMOUNT TO AT LEAST 30 PERCENT IN ORDER TO JUSTIFY ISSUANCE OF CERTIFICATE OF ORIGIN. THE KAWASAKI PRODUCTS IN QUESTION ARE CONSIDERED TO FALL FAR SHORT OF THAT PERCENTAGE.

4. CUSTOMS AND COMMERCE MINISTRY OFFICIALS REPORT THAT CERTIFICATES OF ORIGIN ISSUED FROM SPANISH/AMERICAN CHAMBER OF COMMERCE IN LOS ANGELES COVERING PAST SHIPMENTS WERE FALSIFIED. THOSE RESPONSIBLE FOR THE FALSIFICATION (LOCAL EMPLOYEES OF THE CHAMBER) HAVE SINCE BEEN FIRED, PRECISELY FOR THAT FALSIFICATION.

5. GOS OFFICIALS HAVE CONFIRMATION FROM THE SPANISH CONSULATE IN CHICAGO THAT KAWASAKI PLANT IN LINCOLN, NEBRASKA IS MAINLY A COLLECTION POINT AND ASSEMBLY PLANT, NOT A MANUFACTURING PLANT.

6. CERTIFICATES OF ORIGIN FOR THE 700 BIKES NOW HELD UP WERE EXECUTED BY THE CHAMBER OF COMMERCE, TRADE AND INDUSTRY OF NEW YORK, SIGNED BY A.K. GARTEN (COULD BE GORDON) AND CONTAIN NO STATEMENT REGARDING PORTION OF VALUE ADDED IN THE U.S. SPANISH CUSTOMS OFFICIAL COMMENTED TO EMBASSY OFFICER THAT "THE CERTIFICATES DO NOT ACCORD WITH REALITY."

7. EMBASSY'S INVESTIGATION REVEALS STRONG PRIMA FACIE CASE IN SUPPORT OF SPANISH MOTORCYCLE PRODUCERS' ASSOCIATION'S CHARGE. IN ANY CASE SPANISH CUSTOMS AUTHORITIES HAVE PUT BURDEN ON IMPORTER (TALLERES HISPANO-ALEMAN) AND KAWASAKI USA TO PROVE THAT U.S. VALUE ADDED

UNCLASSIFIED

PAGE 03 MADRID 04621 281900Z

TO THESE BIKES IS AT LEAST 30 PERCENT. ENTRY WILL BE SUSPENDED UNTIL SATISFACTORY RESPONSE IS RECEIVED, ACCORDING TO CUSTOMS OFFICIALS. STABLER

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